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3 JUL 1972

DD/S&T#

3003-72

MEMORANDUM FOR: Deputy Director for Intelligence  
Deputy Director for Plans  
Deputy Director for Science and Technology  
Deputy Director for Support

SUBJECT: Agency Annual Report

1. This memorandum establishes procedures for the preparation of the Agency Annual Report for the period FY 1972.

2. The outline at Tab A shows the planned structure of the Agency Annual Report. It is to be followed, as appropriate, in the preparation of the Annual Report of each contributing component. Detailed instructions on the preparation of the Annual Report are contained at Tab B.

3. Each contributing component identified at Tab C will prepare its own Annual Report. In turn each Directorate will prepare an overall Directorate Report. The Directorate Reports can summarize the reports of the contributing components or can forward them with the report as attachments. Tab D contains supplementary instructions for each Directorate.

4. Inputs on management direction can reference inputs to the Annual Management Report which will be submitted during the same time frame in response to Office of Management and Budget Circular No. A-44 (Revised) of May 24, 1972.

5. Submissions should reach O/PPB by July 31, 1972. O/PPB will prepare the consolidated Agency Annual Report. This report will also serve as the Agency Annual Report to the President's Foreign Intelligence Advisory Board (PFIAB).

[Redacted Signature Box]

W. E. Colby

Executive Director-Comptroller

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Tab A

27 June 1972

AGENCY ANNUAL REPORT

I. MAJOR DEVELOPMENTS

- A. Continuing requirements and opportunities re the USSR and China
- B. New Coverages
  - 1. Economic
  - 2. Narcotics
  - 3. Southeast Asia
  - 4. Other crises (India/Pakistan, Middle East)
- C. Political Atmosphere
  - 1. Abroad
  - 2. At home -- Congress, leaks
- D. CIA in the Intelligence Community
- E. Budget Trends

II. MAJOR ACCOMPLISHMENTS AND FAILINGS [for increased effort]

- A. Collection
  - 1. Requirements
  - 2. Clandestine
    - a. Human
      - (1) Agent collection
      - (2) Defectors
      - (3) Counterintelligence
    - b. Technical
      - (1) Imagery
      - (2) Signals Intelligence
  - 3. Overt
    - a. Human sources
    - b. Broadcast and Press Monitoring
  - 4. R&D

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- B. Covert Action
  - 1. The USSR and East Europe
  - 2. West Europe
  - 3. Far East
  - 4. Near East/South Asia
  - 5. Western Hemisphere
  - 6. Africa
- C. Production and Related Processing
  - 1. Finished Intelligence
    - a. Estimative
    - b. Political
    - c. Economic
    - d. Military and Space
    - e. Scientific and Technological
    - f. Geographic and Geodetic
  - 2. Processing
    - a. Imagery exploitation
    - b. Signal processing
    - c. Information handling and support
    - d. R&D
- D. Support
  - 1. Security
  - 2. Communications (including R&D)
  - 3. Training
  - 4. Other

### III. AHEAD

- A. Resource Outlook
- B. Targets
  - 1. Changing pattern of targets
  - 2. Changing program emphasis
- C. Techniques
  - 1. Rationalization of data flows
  - 2. Experimental analysis
  - 3. Near Real Time System

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D. R&D

1. Collection
2. Communications
3. Information processing and exploitation

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Tab B

27 June 1972

MEMORANDUM FOR: Addressees

SUBJECT: Contributions to the Agency Annual Report

REFERENCE: Memorandum from Executive Director-  
Comptroller to Deputy Directors, 26 May 1972,  
Information Control -- Archives, History,  
and Records

This memorandum provides guidance for the preparation of the Annual Report on component activities, discussed in Para. 5.d. of referenced memorandum.

General Note

1. Each contributing component (identified in Tab C) will prepare its submission as a single report which meets the requirements of the Agency Annual Report and also constitutes a brief history of the most significant developments in the activities of the reporting component for the fiscal year ending 30 June 1972. The annual reporting procedure will alleviate the persistent time gap which has in the past characterized historical writing within the Agency and will make available on a current basis to

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management and others having a need-to-know the highlights of the history of the Agency based on its organizational units. It is expected that these annual reports will reduce the requirement for structurally oriented component histories and permit the dedication of available writing resources more to topical and programmatic histories involving Agency participation in major international crises. The latter aspects of the CIA Historical Program (Para. 5.c. of reference) will be described in a forthcoming memorandum.

2. Components will organize their contributions to the Agency Annual Report in the framework of the outline provided in Tab A of the instructions from the Executive Director-Comptroller, as further explained in the following paragraphs of the present memorandum.

I. Major Developments

3. In Part I. Major Developments, components will review selectively the highlights of their activities during the past fiscal year. Only the most significant developments of the year are to be identified in this section, not all important activities; a more expanded list of activities should be discussed in Part II, in which each component will survey its Major Accomplishments

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and Failings more systematically. Activities may be chosen for highlighting in Part I because of their impact on very high priority standing requirements, or because they represent major breakthroughs in coping with priority targets. Part I reporting should also include component responses to major new requirements, such as changing aspects of present targets, new functions, and new geographic targets, particularly places where an existing equilibrium was threatened or overturned by internal or external forces. Responses to the foregoing will be made by components concerned with collection, operational support, processing, exploitation, and production, as appropriate. Components will also identify and review the work of task forces under their jurisdiction created to cope with special crises.

4. Replies should also discuss in the highlights section significant changes in the environment in which foreign intelligence activities are conducted, as the consequence of policy shifts by established regimes or changes in the establishment. Contributors should note, when relevant, the impact on their operations of new policy thrusts of the administration, the role of Congress and Congressmen, and the temper of the press and

public opinion. Attention should also be given to key developments in the relations of components with other parts of the intelligence community, either as collaborators, customers, or sources of information and support.

Finally, responding components should summarize trends in budget allocations for their activity as a whole as well as by major aspects of their program.

5. To be effective, Part I. Major Developments should not only highlight the activities which have received most emphasis during the fiscal year but also characterize clearly what major changes occurred in the goals and activities during the period. Employed as a management tool the historical or developmental approach is not concerned with an indiscriminate review of what happened in the past, but provides an opportunity to identify trends and developments, including the rate, amount, direction, scope, depth, and kind of change. This kind of historical scrutiny, applied comprehensively, begins with the identification of changes in the operational milieu, assesses the impact of these changes on objectives, and then follows the course of the intelligence process through the adjustment of requirements, replanning of operations, and so on, to the evaluation of the new effort. Contributors will be expected to respond appropriately



for their portion of the process, not by presenting a briefing of their program as it existed at some particular time in the year, but by highlighting the major changes in their activity during the period.

II. Major Accomplishments and Failings

6. Most components will find their program applies to a single entry in this part of the PPB outline, although some may identify with more than one activity. As the title of the section indicates, respondents are not expected to provide a complete catalogue or postmortem of all of their activities and projects, but rather to identify, discuss, and rate their performance in terms of major successes and failures in a more detailed and systematic manner than in Part I. As in the highlights section, the emphasis is not to be on a static listing of all projects but on developments in activities in which significant changes occurred during the year. Subjects qualifying for review in this section include important individual successes in performance achieved by ongoing programs; progress in research and development of new programs, or in phasing new programs into operation; the degree of success in modifying existing programs and in meeting new requirements; and achievements in improving the efficiency or productivity of ongoing activities. (Achievements

in R&D should be included if they are a part of the activity of the component.) At all levels of activity the emphasis will be on progress, evolution, and development or, when relevant, retrogression, but not on static description. Without becoming involved in the intricacies of historical causation, explanations should show why major actions were taken, especially new projects. Results should similarly be assessed. Examples may be used to illustrate development, but an example of success or failure does not necessarily reflect the movement during the period unless it is compared with an earlier example or with a benchmark of previous performance. Contributors are expected to judge objectively what constitutes accomplishment, employing criteria appropriate to the activity. Such criteria may include customer satisfaction, impact on the opposition, achievement of goals, and cost effectiveness.

7. Although this report emphasizes historical movement, the summary nature of the contribution will limit the detail in which particular program elements or activities can be discussed. Step-by-step accounts of developments, meeting-by-meeting, and memorandum-by-memorandum, as frequently encountered in component histories,

must be digested and summarized on an aggregate rather than an individual basis in order to preserve the sense of movement and contain the discussion within the framework of 10 to 20 pages appropriate to an annual report. The use of statistical tabulations to focus the presentation, illustrate historical development, and limit the length of the contribution is very much encouraged.

8. In Part II each component should show with some specificity its response to the major new problems which have arisen during the year and its progress or frustrations in coping with priority continuing problems. Components should disclose the elements and projects of their programs in sufficient detail that the major changes within each level can be appreciated by reviewers and consumers.

### III. Ahead

9. Tab A provides that, in summarizing prospects and future plans, contributors will implicitly employ, as a point of departure, past resource allocations, target patterns, program emphasis, data manipulation techniques, and management approaches. The outlook section of the annual report may be of special interest in future reviews of the effectiveness of program planning at several management levels. Together with the foregoing section it is also expected to constitute a source for subsequent historical writing.

Other Guidance

10. Chronologies. In order to satisfy the need for a concise annual report and simultaneously generate a chronicle of component activities, each contributor will append to its submission a brief chronology of major events relevant to its performance during the fiscal year. These events, identified by day and month and succinctly described, may include events in other countries affecting the activities of the component, the dates of component-inspired actions, dates of R&D breakthroughs, collection, processing, or production milestones, intelligence coups, internal reorganizations, and changes in key personnel.

11. Key Documents. Every component submitting an annual report will, as stipulated by the Executive Director's referenced memorandum of 26 May 1972 (Para. 5.b.(1)), include a list of "key documents and files for permanent inclusion in Agency Archives." This list will be reviewed within each unit "to ensure that the documents marked for archival retention are neither excessive in detail, inappropriately classified, nor incomplete through omissions. A certificate to this effect will accompany the unit's Annual report... ."

12. Supplementary written instructions will be provided to meet the needs of each Directorate. The Chief, CIA Historical Staff and the Directorate Historical

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Officers will provide additional guidance to assist components in complying with the historical requirements as delineated in this memorandum. Completed annual reports will be submitted to the next senior command level for review and exploitation as inputs into the Agency Annual Report. Following approval by reviewing components, one copy will be transmitted to PPB by the Directorates as an enclosure to the Directorate contribution, one copy will be returned to the component, and one copy lodged in the Agency Archives. As required, compartmented annexes can be compiled and held separately covering particularly sensitive events.

  
CIA Historian

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Tab C

26 June 1972

Contributors to the Agency Annual Report

DCI Area

OGC  
OLC  
IG  
ONE  
IC

DDI

O/DDI  
Senior Research Staff  
CRS  
DCS  

IAS  
IRS  
NPIC  
OBGI  
OCI  
OER  
OSR

DDS&T

O/DDS&T  
OEL  
ORD  
OSA  
OCS  
OSI  
FMSAC  
OSP

DDP

O/DDP  
Component list provided  
separately

DDS

O/DDS  
SSA-DDS  
SSS-DDS  
OC  
OF  
OL  
OMS  
OP  
OS  
OTR

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GROUP 1  
EXCLUDED FROM AUTOMATIC  
DOWNGRADING AND  
DECLASSIFICATION

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Tab D  
26 June 1972

Additional Guidelines for Historical Content  
of Annual Reports by DD/S&T Offices

The CIA Historian has presented in Tab B a set of guidelines for meeting the historical requirements in drafting the dual purpose Annual Report as called for by Mr. Colby's 26 May memorandum. While these guidelines are addressed in general terms to cover the whole Agency, they are still complete and detailed enough to be easily adapted to the drafting of S&T contributions to the Annual Report.

Some particular points of emphasis for consideration in S&T reporting from the historical point of view include:

External Research and Analysis. A major policy of the S&T Directorate since its founding has been the maximum exploitation of external research to accomplish the Agency's scientific intelligence goals. The magnitude of these efforts and an indication of results should be included by those Offices engaged in such contractual activities.

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Scientific Advisory and other Committees. The role of advisory panels, committees, and boards in the orientation of the Directorate's programs during the reporting period.

Research and Development. The effects of the DCI Conference decisions of 1971 with regard to R&D; changes in trends and emphasis.

Technical Collection Systems. A report on the 1971 cancellation of the joint ORD/OSA technical collection project.

Production of Scientific Intelligence. Effect of various high-level studies in this area; any redirection of analysis/production efforts within S&T or communitywide?

Continuity. A thread of continuity from year to year on long-term programs or projects should be achieved without repeating in each annual report the same introductory facts. This applies particularly to the large collection projects which may run six to ten or more years. Emphasis should be on movement from phase to phase as new situations develop, new requirements are levied, and old ones satisfied or canceled.

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